



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CREDIT UNIONS

P.O. Box 41200 • Olympia, Washington 98504-1200

Telephone (360) 902-8701 • TDD (360) 664-8126 • FAX (360) 704-6901 • <http://www.dfi.wa.gov>

EVIDENCE OF COMPETITION - INFORMATION SOLICITATION

(For personal service contracts of \$5,000 to \$19,999,
send to a minimum of 3 qualified firms/individuals)

April 16, 2003

[name]
[company]
[address]
[city, ST zip]

Sent by facsimile [fax #]

Subject: Fraud investigation of an eastern Washington credit union

Proposals due no later than 5:00 P.M. (local time), Monday, April 28, 2003

Dear [name]:

The Division of Credit Unions (DCU) of the Washington State Department of Financial Institutions is soliciting proposals to conduct a fraud investigation at a state-chartered credit union in eastern Washington. The fraud investigation will include but not be limited to the following:

- Reviewing documentation from previous examinations and interviewing DCU's program manager, financial examiner supervisor, and examiner in charge regarding information from recent examinations
- Interviewing Board Chair, Supervisory Chair, and other employees and officials as appropriate
- Reviewing all appropriate employee records for indications of fraud

- Identify any and all employees involved in the following:
 - Loans made outside of policy
 - Unauthorized withdrawals from member accounts
 - Misappropriation of funds to employee through GL
 - Over drawn of personal deposit/checking accounts
 - Other fraudulent activity
- Assessing the level of credit risk with all employee borrowing at the credit union, quality of documentation and underwriting, compliance with loan policy, and any increase in borrowings over last two years
- Test for unauthorized withdrawals from member accounts
- Verify that activity to general ledger accounts have been appropriately authorized and contain no fraudulent activity
- Verifying reimbursement for employee A, B, and C's business expenses are adequately documented and comply with policy
- Reviewing family member accounts or accounts with same mailing address as employee A and B (depository and loan/VISA accounts)
- Reviewing other accounts and documents as appropriate for fraudulent activity, compliance with policies, and adequacy of internal controls
- Evaluate the collect ability of over drawn deposit accounts
- Assessing fraud risk factors at the credit union
- Reporting fraud investigation findings, suggesting improvement to any policies, and recommending internal control changes to minimize the fraud risk at the credit union
- Documenting any unusual findings for referral to the bonding company and/or law enforcement
- Perform a controlled verification of 100% (no statistical sampling) of the members share and loan accounts which meets the procedural and documentation requirements of Section 715.8 of the NCUA Rules and Regulations and Chapter 24 of the NCUA publication: "Supervisory Committee Guide for Federal Credit Unions," found at http://www.ncua.gov/ref/supervisory_comm/supcomm.pdf.

The proposal should be brief but should include:

1. Availability in May 2003
2. Experience on comparable projects
3. Staff qualifications
4. Project work plan
5. Schedule to accomplish the project
6. Costs and fees
7. Names of three business references

DCU will evaluate responsive proposals. You must address all seven items to be considered responsive. We will accept submissions of your proposal until **5:00 P.M. (local time), Monday, April 28, 2003.** You may mail, fax, e-mail or hand deliver your proposal to:

Department of Financial Institutions	
Contract Administrator:	Jane Johnson, Financial Examiner Supervisor
Physical:	150 Israel Rd SW Tumwater, WA 98504-1200
Mailing:	PO Box 41200 Olympia, WA 98504-1200
Phone:	(360) 902-0508
Fax:	(360) 704-6481
E-mail:	jjohnson@dfi.wa.gov

Late submittals will not be accepted. Direct any requests for information about this project to me.

Thank you for considering this solicitation.

Sincerely,

Jane Johnson
Financial Examiner Supervisor